Department of Telecommunications and Energy
First Set of Information Requests

REDACTED

THE BERKSHIRE GAS COMPANY
D.T.E. 05-58

Witness: **Karen L. Zink**
Date: **December 9, 2005**

Question DTE 1-1: The Preamble to the Precedent Agreement indicates that it is effective as of January 21, 2005. Please indicate the date when Karen Zink executed the Precedent Agreement. Discuss the reason for the delay, if any, in submission to the Department.

Response: Berkshire and Tennessee executed a non-binding Precedent Agreement on January 21, 2005. This Company had the right to terminate the Agreement up until May 2, 2005 if the Company's executive management or board of directors did not approve the Agreement. After Tennessee confirmed that Berkshire was one of the winning bidders, Tennessee returned a fully signed Precedent Agreement on March 3, 2005. Between March 3, 2005 and August 26, 2005, Berkshire performed a competitive analysis of other market alternatives, documented its analysis and prepared its petition and supporting testimony for filing at the Department.

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THE BERKSHIRE GAS COMPANY
D.T.E. 05-58

Witness: **Karen L. Zink**
Date: **December 9, 2005**

Question DTE 1-2: Refer to section 2(a) on page 2 of the Precedent Agreement concerning the Commencement Date. Does Berkshire foresee the need to postpone the Commencement Date or consider a postponement likely? What circumstances might trigger a postponement?

Response: Berkshire does not foresee the need to postpone the Commencement Date and the Company does not consider a postponement likely. The circumstances which might trigger a postponement of the Commencement Date could include if there is a delay from the FERC in approving this project for the Tennessee Gas Pipeline Company.

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Witness: **Karen L. Zink**
Date: **December 9, 2005**

Question
DTE 1-3: Please refer to section 3 on page 3 of the Precedent Agreement. Explain how the receipt and delivery points were selected.

Response: The Company selected the Stockbridge, Massachusetts meter #020278 after determining that it was Berkshire's only city gate with existing available capacity (i.e. not requiring additional capital expenditures for upgrade). With the additional 4,000 MMBtu/day, all of the Company's city gates are at full capacity.

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Witness: **Karen L. Zink**
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Question DTE 1-4: Refer to section 4 on page 3 and section 14 on page 6 of the Precedent Agreement. Explain the impact to Berkshire and its ability to provide service to its customers if Tennessee invokes its right to reduce the transportation quantity or terminate the Precedent Agreement.

Response: If Tennessee invokes its right to reduce the transportation quantity or terminate the Precedent Agreement, Berkshire would re-analyze its resource portfolio and its continuing ability to provide least cost, reliable service to its customers. Depending on when Tennessee notified Berkshire of the reduced or terminated volumes Berkshire might take a number of steps. For example, currently, Berkshire has an arrangement with Coral Energy to purchase 7,500 Dth per day for the months of December through February which will be reduced to 5,000 Dth per day once the ConneXion volumes are available (see the response to Information Request AG 1-8 and Information Request AG 1-12). In the short-term, if some or all of the ConneXion volumes were not available, Berkshire would first speak with Coral about ratcheting up the volumes in the current contract. In the long-term the Company would expect to issue an RFP to ascertain whether there is additional capacity in the market available for purchase and to evaluate and select the most appropriate resource.

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Witness: **Karen L. Zink**
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Question DTE 1-5: Please refer to section 5 on page 3 of the Precedent Agreement. Under that section, does Berkshire have a single option to reduce its maximum daily quantity ("MDQ") or multiple options?

Response: Section 5 on page 3 of the Precedent Agreement provides multiple options for Berkshire to reduce the MDQ. These options to reduce the MDQ are not interdependent or chronological.

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Witness: **Karen L. Zink**
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Question DTE 1-6: Please refer to section 6 on page 4 of the Precedent Agreement. Discuss, in detail, why Berkshire selected the negotiated rate option.

Response: In accordance with the terms of Tennessee's Binding Open Season, the Company was offered the choice of one or two rates: 1) a negotiated rate consisting of a monthly Reservation Rate of /Dth; or 2) a recourse monthly Reservation Rate of /Dth. In either case, the Daily Commodity rate per Dth is and the above rates are exclusive of fuel and applicable surcharges. The Company selected the lower negotiated rate because it is a fixed rate during the term of the contract as well as the fact that the alternative recourse rate is subject to change to the extent Tennessee's FERC-approved system rates change.

** CONFIDENTIAL AND PROPRIETARY**
PROTECTIVE TREATMENT

Department of Telecommunications and Energy
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THE BERKSHIRE GAS COMPANY
D.T.E. 05-58

Witness: **Karen L. Zink**
Date: **December 9, 2005**

Question DTE 1-7: Please refer to section 7 on page 4 of the Precedent Agreement which requires Tennessee to obtain approval of its executive management and board of directors. Discuss, in detail, whether the Transporter has obtained such approval.

Response: The Transporter has advised Berkshire that it obtained the necessary approval of its executive management and board of directors to execute the Firm Agreement pursuant to the terms of the Agreement.

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THE BERKSHIRE GAS COMPANY
D.T.E. 05-58

Witness: **Karen L. Zink**
Date: **December 9, 2005**

Question
DTE 1-8: Please refer to section 8 on page 4 of the Precedent Agreement which requires Berkshire to obtain approval of its executive management and board of directors. Discuss, in detail, whether Berkshire has obtained such approval.

Response: Berkshire confirmed the necessary approvals of its executive management to execute the Firm Agreement pursuant to the terms of the Agreement.

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THE BERKSHIRE GAS COMPANY
D.T.E. 05-58

Witness: **Karen L. Zink**
Date: **December 9, 2005**

Question
DTE 1-9: Please refer to section 10 on page 5 of the Precedent Agreement which requires Berkshire to establish its creditworthiness. Discuss, in detail, whether Berkshire has met this requirement.

Response: The Company has satisfied Tennessee's creditworthiness requirements as referenced in section 10 on page 5 of the Precedent Agreement.

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THE BERKSHIRE GAS COMPANY
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Witness: **Karen L. Zink**
Date: **December 9, 2005**

Question
DTE 1-10: Please refer to section 11 on page 5 of the Precedent Agreement. Discuss the estimated time frame for Transporter to apply for and receive necessary authorizations from the FERC.

Response: Tennessee Gas Pipeline Company ("Tennessee") filed its application with the Federal Energy Regulatory Commission ("FERC") to construct the Northeast ConneXion Project – New England on September 6, 2005 (FERC Docket No. CP05-412-000). In its filing, Tennessee requests that the FERC grant the necessary authorizations by August 1, 2006 in order to meet an anticipated in-service date of November 1, 2007.

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THE BERKSHIRE GAS COMPANY
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Witness: **Karen L. Zink**
Date: **December 9, 2005**

Question
DTE 1-11: Please refer to page 20 of the Precedent Agreement, Gas Transportation Agreement, Exhibit B, Buyout/Early Termination Provisions. Explain the rationale for the dates and quantities.

Response: Given the 20-year term of the Agreement, the Company felt that the dates and quantities shown in Exhibit B of the Gas Transportation Agreement afforded the appropriate amount of flexibility in the event that more beneficial future projects come on line.

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THE BERKSHIRE GAS COMPANY
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Witness: **Karen L. Zink**
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Question DTE 1-12: Please refer to the Negotiated Rate Letter Agreement, Exhibit B of the Precedent Agreement. How was the negotiated rate determined?

Response: The negotiated rate contained in the Negotiated Rate Letter Agreement on page 22 of the Precedent Agreement is the minimum rate at which Tennessee was prepared to offer the underlying service.

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Witness: **Karen L. Zink**
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Question DTE 1-13: Please discuss the reasons the Company seeks to enter a transportation contract with a term of twenty years as compared to a shorter term.

Response: One reason that the Company sought to enter a transportation contract with a term of twenty years was that the Company recognized that this particular project was relatively low cost and believed that a term of twenty years would ensure Berkshire was awarded the capacity. Also, with the flexibility afforded to reduce the MDQ in Exhibit B of the Gas Transportation Agreement, the Company felt that a bid of twenty years with the ability to ratchet down volumes represented the best fit for the Company.

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THE BERKSHIRE GAS COMPANY
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Witness: **Karen L. Zink**
Date: **December 9, 2005**

Question
DTE 1-14: Explain how the entities that received the February 4, 2005 solicitation were selected. How many positive responses were received?

Response: The Company's solicitation on February 4, 2005 was to determine the interest of a range of various entities in bidding on a peaking gas supply service for the months of November through March. The parties selected were chosen based on the Company's knowledge of their ability to provide a peaking gas supply service. Three out of 10 recipients replied with a positive response this solicitation. The Company continually monitors the market to identify potential suppliers, including suppliers that have previously served the Company or responded to prior solicitations. Please see Attachment KLZ-4 to the prefiled Testimony of Karen L. Zink.

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THE BERKSHIRE GAS COMPANY
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Witness: **Karen L. Zink**
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Question
DTE 1-15: Explain how the entities that received the February 22, 2005 solicitation were selected. How many positive responses were received? Explain why some positive responses were responding to a checklist with four items while others were responding to one with six items.

Response: The same parties that received the February 4, 2005 solicitation were sent a follow up solicitation on February 22, 2005. Additionally, four more parties were sent this solicitation. The new parties selected were chosen based on discussions with the Company's sister company in Connecticut. The checklist that had six lines on it was only to express whether there was an interest or not in providing any service. The remaining four lines were to express whether there was an interest or not in providing a 90 or 151 day service. There were six positive responses to this solicitation. Please see Attachment KLZ-4 to the prefiled Testimony of Karen L. Zink.

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Witness: **Karen L. Zink**
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Question
DTE 1-16: Please refer to the February 22, 2005 solicitation. Was this solicitation intended to be for peaking service or baseload service? Explain why the response form indicated that each service was peaking service even though the cover letter described the service as 90 or 151 day baseload service. Why did Berkshire indicate in the cover letter that it was seeking service beginning November , 2005?

Response: The second solicitation was an expansion of the first solicitation on February 4, 2005 which was for peaking service only. The February 22, 2005 solicitation was for an alternative peaking gas supply service which would have provided baseload city gate service during the peak months. The response form was in error and should have stated baseload rather than peaking service for the 90 or 151 day period. The parties that responded that only wanted to offer baseload crossed off the word peaking and replaced it with the word baseload. If a party were offering a 151 day service, the service would have begun on November 1, 2005, thus, that was the date included in the cover letter.

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Witness: **Karen L. Zink**
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Question
DTE 1-17: How many entities received the March 7, 2005 Request for Proposal? How many positive responses were received?

Response: The seven entities that expressed an interest in the February 4, 2005 and/or February 22, 2005 solicitation received the Company's formal March 7, 2005 Request for Proposal. Four positive responses were received. Please see Attachment KLZ-6 of the prefiled Testimony of Karen L. Zink.